Exhibit R

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Telecommunications Access Corporation	:	
	:	**07-0231**
Petition for annual line charge determination pursuant to 83 Ill. Adm. Code 755.500.	:	

ORDER

By the Commission:

I. Introduction

On March 30, 2007, the Illinois Telecommunications Access Corporation ("ITAC") filed with the Illinois Commerce Commission ("Commission") a verified Petition, pursuant to 83 Ill. Adm. Code 755, containing its 2007 annual line charge filing. ITAC requests that the Commission determine the charge per subscriber line that will fund the telecommunications access programs mandated by Section 13-703 of the Illinois Public Utilities Act ("Act"), 220 ILCS 5/13-703.

Specifically, ITAC requests that the Commission enter an order decreasing the line charge from the current level of 8 cents per subscriber line to 6 cents per subscriber line. Pursuant to 83 Ill. Adm. Code 755.10 and ITAC's tariff, Ill.C.C. No. 3, original page 3.1, ITAC further requests that the order establish the Centrex charge at 1.2 cents per Centrex line, the PBX charge at 30 cents per PBX trunk, and the charge on T-1 lines and other multi-channel technologies at a level that mirrors each carrier's application of 9-1-1 charges. Finally, ITAC requests that the Commission order all carriers, including resellers, to file tariffs consistent with the Commission's order in this proceeding. .

Commission Staff ("Staff") filed a Response to the Petition supporting the proposed line charges and suggesting language for the carriers' tariffs. ITAC filed a Reply and a corrected Reply to Staff's Response, concurring in Staff's proposed tariff language and proposing an addition to it. Staff then filed a Reply to ITAC's corrected Reply, supporting ITAC's proposed additional tariff language. No Petitions to Intervene were filed.

Pursuant to due notice, a hearing was held in this matter before a duly authorized Administrative law Judge of the Commission at its offices in Chicago on May 30, 2007. Counsel for ITAC entered appearances. Michael Ostrander of the Accounting Department entered an appearance on behalf of Staff. At the conclusion of the hearing, the record was marked "Heard and Taken."

II. ITAC's Petition and Applicable Regulatory Requirements

ITAC is a not-for-profit corporation formed by all Illinois local exchange telecommunications carriers ("LECs" or "carriers") to implement the programs mandated under Section 13-703. These programs include distribution of TTYs, amplified telephones, and other assistive telecommunications devices to persons with hearing and speech disabilities, and provision of a telecommunications relay service ("TRS") program, which provides a means for individuals using a TTY or other telecommunications device to communicate over the telecommunications network with a hearing or speaking individual. Pursuant to 83 Ill. Adm. Code 755.105(d), all Illinois LECs, including mutual telephone companies and resellers, are required to be members of ITAC.

Concerning cost recovery for these programs, Section 13-703(c) provides:

> The Commission shall establish a rate recovery mechanism, authorizing charges in an amount to be determined by the Commission for each line of a subscriber to allow telecommunications carriers providing local exchange service to recover costs as they are incurred under this Section.

The Commission initially established the line charge in 1985 at the then-statutory maximum amount of 3 cents per subscriber line and 0.3 cents per Centrex line. Docket No. 85-0502. Effective January 1, 1989, the General Assembly amended Section 13-703(c) to remove the cap on the line charge. On October 2, 1991, the Commission increased the subscriber line charge from 3 cents to 11 cents and the Centrex charge from 0.3 cents to 1.1 cent. In its 1991 Order in Docket No. 91-0141, the commission concluded that a simplified line charge mechanism should be implemented through a rulemaking proceeding. Accordingly, on March 25, 1993, in Docket No. 91-0587, the Commission adopted Subpart F of Section 755. That subpart, which became effective on March 31, 1993, established a simplified mechanism for determining the appropriate line charge under Section 13-703 (c) of the Act.

Subpart F of Section 755 requires ITAC to present an annual line charge filing containing specific schedules for the projection period, the financial statements of ITAC, and a statement from an independent public accountant. Under Section 755.510, the Commission may enter an order, without a hearing, within 45 days of ITAC's annual filing.

Since 1993, when Subpart F became effective, ITAC has made annual filings and the Commission has determined the line charge as required by the Commission's regulations. Most recently, by an Order entered on May 3, 2006 in Docket No. 06-0266, the Commission set the line charge rate at 8 cents per subscriber line, 1.6 cents per Centrex line and 40 cents per PBX trunk.

ITAC projects total relay service expenses of $4,245,230 for 2007, as compared to actual relay expenses of $4,626,180 in 2006. The projected relay expense for 2007 is based on an estimate of the average call length applied to anticipated call volumes and contracted cost per minute amounts, for both standard telecommunications relay service and CapTel captioned relay service. The estimates of average call length are based on actual data from 2006. ITAC's 2007 TRS expense projections reflect an estimated 30.8% decrease in traditional relay call volumes together with a projected decrease in the length of traditional relay calls, partially offset by a projected increase of 34.1 % in the volume of captioned telephone service. As required by the Federal Communications Commission ("FCC"), ITAC's 2007 projections include educational and promotional expenses to continue to inform the public that TRS can be accessed by dialing 7-1-1.

On December 17, 2003, in Docket No. 03-0357, the Commission amended Section 755 to, *inter alia*, require ITAC to implement a voucher program for the distribution of assistive telecommunications equipment and permit ITAC to offer a wider range of equipment. ITAC's 2007 projections contain equipment expenditures of approximately $ 1.7 million, to purchase additional TTYs, amplified telephones and signalers, as ITAC expands the voucher program. In addition, ITAC's 2007 projections include start-up expenses for new voucher equipment selection centers. ITAC is encouraging new participants to try the available voucher equipment at the selection centers, in order to better match participants with the appropriate amplified telephone or TTY. The 2007 projections also reflect increased administrative and distribution expenses as compared to actual 2006 expenses, as a result of projected increases in the activity of the selection centers.

The line charge methodology of 83 Ill. Adm. Code 755.500 ensures, among other things, that ITAC maintains a sufficient, but not excessive, cash balance. This cash balance provision of the Commission's rule is critical in light of the unique status of ITAC:

> ITAC, unlike public utilities, has no retained earnings, and no alternative means of raising capital. Moreover, because public utilities regulated by this Commission charge per unit of service, greater-than-projected usage of utility services results in increased revenue as well as expenses. In contrast, the subscriber line charge, which is ITAC's principal funding source, does not produce increased revenue when usage increases.

In re: Establishment of a cost recovery mechanism for programs required by Section 13-703 of the Public Utilities Act, Docket No. 91-0587 (Oct. 21, 1992). In its Petition, ITAC states that year-to-year fluctuations in the level of the line charge are expected as a result of the mechanics of 83 Ill. Adm. Code 755.500. This is because the line charge mechanism insures a refund to telephone subscribers for amounts collected in prior years in excess of ITAC's expenses and cash balance ceiling. Likewise, the mechanism requires increases if projected revenues do not cover expenses and ensure that ITAC has an adequate cash balance. In this case, the proposed 2-cent decrease in the subscriber line charge is driven by projected decreases in relay expenses, a leveling off of subscriber lines, and the level of ITAC's cash balance.

ITAC's Schedules A-1 through A-12, attached to the Petition, result in a determination that, under the projection assumptions utilized, the line charge required to fund the programs mandated by Section 13-703 of the Act for the period January 1, 2007 through December 31, 2007 is 6 cents per subscriber line, a reduction of 2 cents from the current charge. In Docket No. 03-0357, the Commission amended 83 Ill. Adm. Code 755.10, effective June 1, 2004, to provide that one subscriber line charge shall be applied for each five Centrex lines and five charges shall be applied for each PBX trunk. Accordingly, a charge of 1.2 cents should be assessed per Centrex line and 30 cents per PBX trunk. Also effective June 1, 2004, pursuant to 83 Ill. Adm. Code 755.10, the charge for other multi-channel technologies is stated in ITAC's tariff, Ill.C.C. No. 3, original page 3.1, which provides that "charges for services provisioned by T-1 lines and other advanced services shall mirror the carrier's applications of 9-1-1 charges for bills issued on and after June 1, 2004. . ."

The Order in Docket No. 03-0357 amended Section 755.105 to require resellers of telecommunications services (as "resale" is defined in Section 13-2111 of the Act) to collect the applicable monthly line charges from their customers and remit them to ITAC. Previously, until July 1, 2004, resellers could make contractual arrangements with carriers to fulfill their remittance obligations. Further, in Docket No. 03-0357, the Commission modified Section 755.105(a) so that applicable line charges are to be identified on each customer's bill.

ITAC's Petition also includes its audited financial statements, as of December 31, 2006, as required by 83 Ill. Adm. Code 755.500(a)(1), its projected statement of financial position, projected statement of activities, projected statement of cash flows, and summary of significant projection assumptions and accounting policies for the projection period, as required by 83 Ill. Adm. Code 755.500(a)(2). As required by 83 Ill. Adm. Code 755.500(a)(4), ITAC's Petition includes the written opinion of an independent public accounting firm that ITAC's projected statement of financial position and statements of activities and cash flows comply with the guidelines for presentation of a projection established in the "Guide for Prospective Financial Information" by the American Institute of Certified Public Accountants, and that ITAC's underlying assumptions provide a reasonable basis for management's projections (given the hypothetical assumptions used).

The Petition states that within ten days of its filing, ITAC will publish notice of the filing in accordance with 83 Ill. Adm. Code 755.515(a).

III. ITAC's Cash Balance

In its Order in Docket No. 06-0266 establishing ITAC's line charge for 2006, the Commission noted that ITAC had correctly applied the formula for calculation of the line charge, but that the projected cash balance at the end of the projection period, as shown on Schedule D, nevertheless exceeded the ceiling of one-fourth of ITAC's projected expenses, less depreciation, plus planned capital expenditures during the "projection period," as specified in 83 Ill. Adm. Code 755.500(e)(3). The Order requested that ITAC address this issue in the present line charge filing. In its Petition, ITAC explains that several different factors create this apparent discrepancy.

First, ITAC notes that Schedule A-12 is more helpful than Schedule D, p. 5 in presenting the cash balance at the end of the projection period. This is because Schedule D is subject to the hypothetical assumption that the line charge remains the same throughout the projection period. ITAC states that, while this assumption was valid in 2006, it is invalid for 2007 as ITAC proposes a decrease in the line charge of 2 cents per subscriber line. Because the cash balance as stated in Schedule D, p. 5 assumes that the line charge is not reduced, it overstates the projected cash balance at the end of 2007, if the line charge is decreased as ITAC proposes.

Second, ITAC explains that the cash balance at the end of the projection period as shown on Schedule A-12, line 3(D) exceeds the ceiling as calculated on Schedule A-5, line 9 because the line charge must be rounded up to the nearest cent (Schedule A-1, lines 9 and 10) in order to collect sufficient funds to cover the projected expenses. In rounding up the line charge, ITAC inevitably collects cash in excess of the precise fractional line charge calculated on Schedule A-1, line 9. Some years, such as 2007, the effect of rounding is relatively small, as the calculated line charge (5.97 cents) is close to the next whole cent (6 cents). Other years, such as 2006, the effect of rounding is larger. ITAC notes, however, that to the extent that rounding results in a cash balance above the ceiling, that surplus cash will be returned to telephone subscribers through the operation of the cash balance ceiling in the subsequent line charge, by reducing the line charge or diminishing any increase in the line charge.

Third, ITAC points out that there are some differences in the derivation of the data between various schedules, attributable to the operation of the pro forma adjustments to annualize December levels of revenues and expenses for the projection period. See 83 Ill. Adm. Code 755.500(a)(3). These differences account in part for the variance between Schedule A-5 and Schedule A-12 with respect to the calculated cash balance ceiling and a projected cash balance. Nevertheless, ITAC notes that it has consistently followed the methodology and assumptions required by Section 755.500 and the associated forms, and the line charge mechanism has operated effectively to cap ITAC's cash balance and lower the line charge (or mitigate any increase in the line charge) when the cash balance exceeds the ceiling. For 2007, for example, the projected cost to fund ITAC's programs is approximately 9.5 cents per subscriber line (see Schedules A-2 and A-5), but ITAC is able to reduce the line charge to 6 cents, substantially as a result of the flow-back to customers of cash in excess of the ceiling.

Finally, ITAC notes that the line charge mechanism projects ITAC's cash balance on a calendar year basis, while the line charge cycle runs generally from June to June. Under its projections, ITAC would be operating at a deficit of approximately 3.5 cents per subscriber line per month from June, 2007 until June, 2008. Consequently, ITAC's cash balance as of December 2007 must be sufficient to fund operations for an additional 5 months beyond the end of the projection period. This additional 5 months of operation at a deficit will result in a further reduction in ITAC's cash balance significantly below the level projected for December 2007.

IV. Potential Impact of New Technology on ITAC's Line Charge

In its Petition, ITAC points out that the line charge methodology of Section 755.500 was enacted 14 years ago. Since that time, ITAC has operated without requesting emergency or interim adjustments to the line charge (pursuant to Section 755.520), and without curtailing programs or services for budgetary reasons. During that period, the line charge has ranged from 3 cents to 15 cents per subscriber line, averaging 8.57 cents over the 14 years.

ITAC cautions, however, that the line charge could rise in the next few years, if the FCC decides to allocate some costs of new Internet-based relay services on the states. Currently, the FCC encourages relay providers to offer Video Relay Services ("VRS"), Internet Protocol ("IP") relay, and IP Captioned Telephone Relay Services ("IP CTS"). In each of these services, the user connects to a Communications Assistant through the Internet rather than the public switched telephone network ("PSTN"). The second leg of the relay service, from the Communications Assistant to the called party, travels over the PSTN. See In the Matter of Telecommunications Relay Services..., CG Docket No. 03-123, FCC 06-182 (1/11/07) ¶¶ 5, 6, 13, 14. ITAC states that all such calls are presently compensated through the Interstate TRS Fund, which is administered by the National Exchange Carrier Association. These forms of TRS are presently not mandatory. However, the FCC recently stated that it would revisit the cost recovery of Internet-based TRS, "including jurisdictional separations of costs," as well as whether such services should be mandatory. Id., ¶ 25 and fn. 80; see also In the matter of Telecommunications Relay Services, CG Docket No. 03-123, FCC 06-106 (7/20/06). ITAC notes that if the FCC determines that some of the costs of Internet-based TRS should be allocated to the states, the impact on ITAC's line charge could be significant.

V. Staff Response, ITAC's Reply, and Staff Reply

Staff filed its Response to ITAC's Petition on April 17, 2007. Staff states that it has reviewed the Petition and supporting documentation and has conducted a field review of ITAC's records. Staff agrees that the proposed line charge decrease is a "normal result of the operation of the line charge mechanism" and is "necessary to maintain a projected cash balance within the parameters stipulated by 83 Ill. Adm. Code 755.500."

Staff also reviewed ITAC's explanation of the cash balance mechanism and the apparent discrepancy between the projected cash balance calculation and the ceiling specified in Part 755, as requested by the Commission in it Order in Docket No. 06-0266. Staff concludes that "ITAC has adequately explained the factors that create the appearance of an excess cash position" at the end of the projection period.

In its Response, Staff proposed uniform tariff language to implement the decrease in the subscriber line charge, Centrex charge and PBX charge. On April 23, 2007, ITAC filed a Corrected Reply, concurring in Staff's proposed tariff language, and requesting that the Commission also specify that the tariffs should address the remittance of charges on T-1 lines and other multi-channel technologies. Staff filed a Reply to ITAC's Corrected Reply on April 24, 2007, indicating that Staff has no objection to ITAC's proposed additional tariff language.

V. Commission Analysis and Conclusion

ITAC's annual line charge filing is supported by the required schedules and properly utilizes a projection period of January 1, 2007 through December 31, 2007. Those schedules support ITACs' request for a decrease in the subscriber line to 6 cents per month, a Centrex charge of 1.2 cents per month and a PBX trunk charge of 30 cents per month. Additionally, as ITAC notes, charges for services provisioned by T-1 lines and other multi-channel technology should mirror that carrier's application of 9-1-1 charges.

The Commission concludes that ITAC has adequately explained the cash balance mechanism of Section 755.500. This methodology has worked well for 14 years to ensure that ITAC has the funds it requires to fulfill its statutory mandate, and to cap ITAC's cash balance and lower the line charge (or mitigate any increase in the line charge) when the cash balance exceeds the ceiling.

The Commission also recognizes that future mandates of the FCC regarding VRS, IP Relay, IP CTS and other new technologies could have the effect of imposing additional cost burdens on ITAC, which may need to be recovered through ITAC's line charge.

As requested by Staff and ITAC, Illinois local exchange carriers are directed to file new tariffs consistent with Part 755 and the new line charges established in this case within 15 days of the date of this Order. The new tariffs should take effect with bills rendered on or after July 1, 2007 or at the beginning of the first billing cycle after July 1, 2007.

VII. Findings and Ordering Paragraphs

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that

(1) the Commission has jurisdiction over the parties and the subject matter herein;

(2) the recitals of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;

(3) ITAC has complied with the requirements of 83 Ill. Adm. Code Part 755, Subpart 5, Line Charge Adjustment Mechanism;

(4) the monthly line charge under Section 13-703(c) of the Act should be decreased to 6 cents per subscriber line, 1.2 cents per Centrex line, and 30 cents per PBX trunk; additionally the charge for services provisioned by T-1 lines and other multi-channel technologies should mirror each carrier's

application of 9-1-1 charges; each of the foregoing charges should become effective with bills rendered on or after July 1, 2007, or at the beginning of the first billing cycle after July 1, 2007;

(5) each Illinois local exchange carrier should be served with a copy of this Order;

(6) each Illinois local exchange carrier should be directed to file, within 15 days of the date of this Order, and without further notice, a tariff that reflects the new line charges required by this Order; such tariffs should become effective with bills rendered on or after July 1, 2007, or at the beginning of the first billing cycle after July 1, 2007;

(7) the following language may be used by each carrier when complying with finding (6):

> Pursuant to the Order dated June 6, 2007, of the Illinois Commerce Commission in Docket No. 07-0231, _________Telephone Company will impose a supplemental charge of six cents per month per line for all subscriber lines other than Centrex-type and PBX lines, a charge of 1.2 cents for each Centrex-type line, and a charge of 30 cents per PBX trunk. Charges for services provisioned by T-1 lines and other advanced multi-channel services shall mirror _______Telephone Company's application of 9-1-1 charges. These charges shall be effective with bills rendered on or after July 1, 2007 or at the beginning of the first billing cycle after July 1, 2007.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the Petition filed by the Illinois Telecommunications Access Corporation is granted and, pursuant to Section 13-703(c) of the Act, the monthly line charge is decreased to 6 cents per subscriber line and 1.2 cents per Centrex line, effective with bills rendered on or after July 1, 2007 or at the beginning of the first billing cycle after July 1, 2007.

IT IS FURTHER ORDERED that a monthly charge of 30 cents shall be applied to each PBX trunk and that the charges for services provisioned by T-1 lines and other multi-channel technologies shall mirror each carrier's application of 9-1-1 charges, effective with bills rendered on or after July 1, 2007 or at the beginning of the first billing cycle after July 1, 2007.

IT IS FURTHER ORDERED that a copy of this Order shall be served on all Illinois local exchange carriers by the Chief Clerk of the Commission and they are directed to file tariffs in compliance with this Order within 15 days of the date of the Order; carriers may use the tariff language in Finding (7) when making this filing.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public utilities Act and 83 Ill. Adm. Code 100.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 12th day of June, 2007.

(SIGNED) CHARLES E. BOX

Chairman